

New Nadina Explorations Limited

(An Exploration Stage Company)

Financial Statements

For the years ended August 31, 2015 and August 31, 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
New Nadina Explorations Limited

We have audited the accompanying financial statements of New Nadina Explorations Limited, which comprise the statements of financial position as at August 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of New Nadina Explorations Limited as at August 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about New Nadina Explorations Limited's ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Chartered Professional Accountants

Vancouver, Canada

December 15, 2015

New Nadina Explorations Limited

(An Exploration Stage Company)

Statements of Financial Position

(Expressed in Canadian Dollars)

	August 31, 2015	August 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,689	\$ 176,887
Receivables and prepaids	4,524	18,878
	<u>26,213</u>	<u>195,765</u>
Reclamation deposits (Note 3)	82,500	82,500
Property and equipment (Note 4)	94,439	118,048
Exploration and evaluation assets (Note 5)	38,414	38,414
	<u>\$ 241,566</u>	<u>\$ 434,727</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Payables and accruals	\$ 44,132	\$ 29,329
Due to Kettle River Resources Ltd. (Note 7)	4,000	2,394
Due to related parties (Note 7)	18,158	37,925
	<u>66,290</u>	<u>69,648</u>

EQUITY

Share capital (Note 6)	13,262,912	13,262,912
Reserves (Note 6(e))	2,602,732	2,602,732
Deficit	(15,690,368)	(15,500,565)
	<u>175,276</u>	<u>365,079</u>

<u>\$ 241,566</u>	<u>\$ 434,727</u>
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Nature and continuance of operations (Note 1)

Events after the reporting period (Note 12)

Approved by the Board of Directors and authorized for issue on December 15, 2015.

On behalf of the Board of Directors:

"Ellen Clements"

"John Jewitt"

Ellen Clements, Director

John Jewitt, Director

See accompanying notes to the financial statements

New Nadina Explorations Limited

(An Exploration Stage Company)

Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

Years Ended August 31

2015

2014

Exploration expenses

Assay analysis	\$	3,400	\$	3,086
Camp preparation		7,202		9,270
Depreciation (Note 4)		23,609		29,512
Drilling		-		249
General exploration		99,823		164,359
Geology		8,479		3,203
Property, assessment and taxes		8,461		1,218
Staking and maintenance costs		-		2,786
Technical reports		-		533
		<u>150,974</u>		<u>214,216</u>
Less: Government assistance		(47,201)		(267,949)
Less: Contribution from participants		(6,156)		(9,154)
Net exploration expenses (recoveries) (Note 5(d))		<u>97,617</u>		<u>(62,878)</u>

Administration expenses

Insurance		1,686		1,686
Legal, audit and accounting		29,657		31,936
Licences, fees and other		10,738		9,509
Office rent		10,200		7,200
Printing, stationery and office		27,658		20,415
Telephone		3,165		2,410
Transfer agent fees		7,644		8,931
Travel and promotion		3,253		1,372
Less: Interest income and other		(1,815)		(2,952)

		<u>92,186</u>		<u>80,507</u>
Loss and comprehensive loss for the year	\$	(189,803)	\$	(17,629)

Weighted average number of common shares outstanding		84,486,568		84,486,568
Loss per share, basic and diluted	\$	(0.00)	\$	(0.00)

See accompanying notes to the financial statements

New Nadina Explorations Limited

(An Exploration Stage Company)

Statements of Cash Flows

(Expressed in Canadian Dollars)

Years Ended August 31

	2015	2014
Cash provided by (used for):		
Operating Activities:		
Net loss for the year	\$ (189,803)	\$ (17,629)
Adjustments for items not involving cash:		
Depreciation	23,609	29,512
Change in non-cash working capital:		
Receivables and prepaids	14,354	8,907
Payables and accruals	14,803	(15,491)
Due to related parties	(19,767)	18,247
Due to Kettle River Resources Ltd.	1,606	(115)
	<u>(155,198)</u>	<u>23,431</u>
Net increase (decrease) in cash and cash equivalents	(155,198)	23,431
Cash and cash equivalents, beginning of year	176,887	153,456
Cash and cash equivalents, end of year	\$ 21,689	\$ 176,887
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -
Cash and cash equivalents consists of:		
Cash	\$ 21,689	\$ 150,000
Cash equivalents	\$ -	\$ 26,887

The Company had no non-cash financing or investing activities during the years ended August 31, 2014 or 2015.

See accompanying notes to the financial statements

New Nadina Explorations Limited

(An Exploration Stage Company)

Statement of Changes in Equity

(Expressed in Canadian Dollars)

Years Ended August 31, 2015 and 2014

	Number of shares	Share capital	Reserves	Deficit	Total Equity
August 31, 2013	84,486,568	\$ 13,262,912	\$ 2,602,732	\$ (15,482,936)	\$ 382,708
Net loss for the year	-	-	-	(17,629)	(17,629)
August 31, 2014	84,486,568	13,262,912	2,602,732	(15,500,565)	365,079
Net loss for the year	-	-	-	(189,803)	(189,803)
August 31, 2015	84,486,568	\$ 13,262,912	\$ 2,602,732	\$ (15,690,368)	\$ 175,276

See accompanying notes to the financial statements

New Nadina Explorations Limited

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

New Nadina Explorations Limited ("the Company") was incorporated April 7, 1964 under the laws of British Columbia and is engaged in the exploration of mineral resources. The address of the Company's corporate office and principal place of business is 1215 Greenwood Street, Greenwood, BC V0H 1J0. The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Although the Company has taken steps to verify title to resource properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared on the going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred operating losses over the past several fiscal years (2015 - \$189,803; 2014 - \$17,629), has limited financial resources, limited operating cash due to government assistance received during the year, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These annual financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. In addition these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements have been presented in Canadian dollars unless otherwise noted, which is also the functional currency of the Company.

New Nadina Explorations Limited

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements.

Critical judgments in applying accounting policies

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company has been determined to be the Canadian dollar.

Significant Estimates

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

New Nadina Explorations Limited

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES – continued

c) Exploration and evaluation expenditures

Once a permit to explore an area has been secured, expenditures on exploration and evaluation assets are expensed as incurred and charged to net loss. Costs to acquire the main property are capitalized and costs to acquire claims peripheral to the main property are expensed.

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Company has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate permits and financing, are expensed as incurred.

Exploration expenditures relate to the initial search for mineral deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Such expenditures include any cash consideration and advance earn-in payments and the fair market value of shares issued, if any, related to the mineral property interests.

Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Cost recoveries, including government assistance, are recorded as a reduction of exploration expense to the extent they are not directly related to capitalized acquisition costs.

d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on the declining balance basis at the rates indicated in Note 4 and is allocated as a component of exploration costs (Note 5).

e) Impairment of non-financial assets

At each reporting period, management reviews all non-financial assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

f) Provision for closure and reclamation

Provisions for closure and reclamation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the closure and reclamation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES – continued

g) Income taxes

Deferred tax is recorded using the asset and liability method.

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

The Company records deferred tax assets and liabilities when the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the Company bifurcates the flow-through share into share capital and flow-through tax liability components. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the liability is reversed, and a deferred income tax liability is recognized.

Previous unrecognized deferred tax assets may be used to reduce this liability amount, and the Company will recognize a future income tax recovery to this extent. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with the Canadian government.

i) Financial instruments

Financial assets

Financial assets are classified in the following categories: fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded through profit or loss. Cash and cash equivalents are included in this category of financial assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise receivables and reclamation deposits.

New Nadina Explorations Limited

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Financial instruments – continued

Financial assets – continued

iii. Held to maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

iv. Available-for-sale

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset category. Changes in the fair value of AFS financial assets are recognized as other comprehensive income or loss and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at each reporting period. Any impairment charge is removed from other comprehensive income or loss and recognized in income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss. The Company currently does not have any AFS financial assets.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

Financial liabilities are classified into the following categories:

i. Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

ii. Other financial liabilities

This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its payables and accruals, amounts due to related parties and due to Kettle River Resources Ltd. ("Kettle River") as other financial liabilities.

j) Share-based payments

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods on a graded basis. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payments is measured using the Black-Scholes Option Pricing Model. The fair value of the share-based payments is recognized as an expense with a corresponding increase in reserves. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

k) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated whereby; the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

l) New accounting standards, interpretations and amendments to existing standards

Effective September 1, 2014, the following standard was adopted and had no material impact on the financial statements of the Company:

- i) IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.

Other accounting standards or amendments to existing accounting standards have been issued but are not yet effective are as follows:

- i) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018;
- ii) IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements.

3. Reclamation Deposits

Included in reclamation deposits of \$82,500 (2014 - \$82,500) is the following:

Deposits totalling \$23,500 (2014 - \$23,500) consist of three guaranteed investment certificates pledged of \$5,000 each and one guaranteed investment certificate pledged of \$4,000 plus a non-interest bearing cash deposit of \$4,500 with the Province of British Columbia Department of Energy and Mines to cover proposed mining disturbance for the Silver Queen property (Note 5(b)).

A security deposit of \$59,000 (2014 - \$59,000) paid to Mackenzie Valley Land & Water Board as a condition of a Land Use Permit, for work in the Northwest Territories on the Monument Diamond property (Note 5(c)).

New Nadina Explorations Limited

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

4. Property and Equipment

	Buildings	Camp Equipment	Total
Depreciation rate	20%	20%	
Cost			
Balance as at August 31, 2013	\$ 148,032	\$ 74,959	\$ 222,991
Additions during the year	-	-	-
Balance as at August 31, 2014	148,032	74,959	222,991
Additions during the year	-	-	-
Balance as at August 31, 2015	\$ 148,032	\$ 74,959	\$ 222,991
Accumulated depreciation			
Balance as at August 31, 2013	\$ 39,234	\$ 36,197	\$ 75,431
Depreciation for the year	21,760	7,752	29,512
Balance as at August 31, 2014	60,994	43,949	104,943
Depreciation for the year	17,408	6,201	23,609
Balance as at August 31, 2015	\$ 78,402	\$ 50,150	\$ 128,552
Net book value			
At August 31, 2014	\$ 87,038	\$ 31,010	\$ 118,048
At August 31, 2015	\$ 69,630	\$ 24,809	\$ 94,439

5. Exploration and Evaluation Assets

	2015	2014
Saskatchewan property (50% interest)	\$ -	\$ -
Silver Queen property (100% interest)	38,413	38,413
Monument Diamond property (57.49% interest)	1	1
	\$ 38,414	\$ 38,414

(a) Saskatchewan Property (50%)

The Company holds a 50% interest in a quarry lease that expires in December 2019. Kettle River holds the other 50% (Note 12).

(b) Silver Queen Property, British Columbia (100%)

The Company has a 100% interest in the Silver Queen property near Owen Lake. In December 2012, July and December 2013 and January 2014 the Company acquired additional tenures, all claims contiguous to the existing claim block.

New Nadina Explorations Limited

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

5. Exploration and Evaluation Assets - continued

(c) Monument Diamond Property, Lac de Gras NWT (57.49%)

In May 2002, the Company completed a Letter Agreement whereby they acquired a 57.49% interest in certain mineral claims in the Mackenzie District Mining Division, Northwest Territories. The Letter Agreement provides for a 1% gross overriding royalty payable to each of DHK Diamonds Inc., and Kennecott Canada Explorations Inc. Two other parties hold the remaining participating interest in the mineral claims.

In September 2012, the Company was issued a five-year Type "A" Land Use Permit by the Wek'eezhii Land and Water Board which expires on September 3, 2017.

(d) Exploration expenses by property

	2015			
	Saskatchewan property Note 5(a)	Silver Queen property Note 5(b)	Monument Diamond property Note 5(c)	Total
Assay analysis	\$ -	\$ 3,400	\$ -	\$ 3,400
Camp preparation	-	7,202	-	7,202
Depreciation	-	23,609	-	23,609
General exploration	1,362	89,743	8,718	99,823
Geology	-	8,479	-	8,479
Property, assessment and taxes	208	638	7,615	8,461
	1,570	133,071	16,333	150,974
Less: Government assistance	-	(47,201)	-	(47,201)
Less: Contribution from participants	-	-	(6,156)	(6,156)
Net Exploration	\$ 1,570	\$ 85,870	\$ 10,177	\$ 97,617

	2014			
	Saskatchewan property Note 5(a)	Silver Queen property Note 5(b)	Monument Diamond property Note 5(c)	Total
Assay analysis	\$ -	\$ 3,086	\$ -	\$ 3,086
Camp preparation	-	9,270	-	9,270
Depreciation	-	29,512	-	29,512
Drilling	-	249	-	249
General exploration	2,452	141,209	20,698	164,359
Geology	-	3,203	-	3,203
Property, assessment and taxes	200	1,018	-	1,218
Staking and maintenance costs	-	2,786	-	2,786
Technical reports	-	320	213	533
	2,652	190,653	20,911	214,216
Less: Government assistance	-	(267,949)	-	(267,949)
Less: Contribution from participants	-	-	(9,145)	(9,145)
Net Exploration	\$ 2,652	\$ (77,296)	\$ 11,766	\$ (62,878)

New Nadina Explorations Limited

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

6. Share Capital

a) Authorized: unlimited common shares without par value.

b) Issued and fully paid:

There were no shares issued during the year ended August 31, 2014 or August 31, 2015.

c) Share purchase warrants:

No warrants were granted or exercised during the year ended August 31, 2015.

The continuity of share purchase warrants is as follows:

	2015		2014	
	Number of Warrants	Weighted Price \$	Number of warrants	Weighted Price \$
Opening balance	6,526,740	0.14	6,526,740	0.14
Expired	<u>(6,526,740)</u>	0.14	<u>-</u>	
Closing balance	<u>-</u>		<u>6,526,740</u>	0.14
Weighted average years to expiry	-		0.15	

d) Share purchase options:

The Company has established a share purchase option plan whereby the Board of Directors may from time to time grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date. The options granted to Employees or Consultants conducting investor relations activities must vest in stages over twelve months with no more than one quarter of the options vesting in any three month period. All other options granted vest at the discretion of the directors.

The continuity of share purchase options is as follows:

	2015		2014	
	Number of Options	Weighted Price \$	Number of Options	Weighted Price \$
Opening balance	4,850,000	0.12	6,250,000	0.14
Granted	-		-	
Expired / cancelled	<u>(200,000)</u>	0.10	<u>(1,400,000)</u>	0.14
Closing balance	<u>4,650,000</u>	0.12	<u>4,850,000</u>	0.12
Weighted average years to expiry	1.73		2.63	

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Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

6. Share Capital – continued

d) Share purchase options: - continued

A summary of the Company's options outstanding as at August 31, 2015 is as follows:

Expiry Date	Exercise price	Options Outstanding	Weighted Average Remaining Life of Options (years)	Options Exercisable
July 21, 2016	\$0.15	2,150,000		2,150,000
February 14, 2018	\$0.10	2,500,000		2,500,000
		<u>4,650,000</u>	1.73	<u>4,850,000</u>

e) Reserves

Reserve includes items recognized as share-based compensation expense and the fair value of warrants issued until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended August 31	
	<u>2015</u>	<u>2014</u>
Charged by the President's private company for exploration management services, equipment rental and office rent	\$ 10,520	\$ 60,325
Charged by directors for consulting services	9,300	4,800

Other related party transactions:

From time to time, the Company engages the services of Kettle River, a company with two directors in common; to manage exploration projects being carried out on the Company's properties, to perform office-related duties and for use of office space, office equipment and exploration equipment. During the year ended August 31, 2015 Kettle River charged the Company \$40,434 for these services (2014 - \$45,345). Amounts due to Kettle River do not bear interest, are unsecured and are due on demand. At August 31, 2015 \$4,000 (2014 - \$2,394) was owed to Kettle River.

At August 31, 2015 \$18,158 (2014 - \$37,925) was owed for general exploration, exploration management services, equipment rental and office rent. Of this amount \$14,160 (2014 - \$35,932) was payable to a company controlled by the President of the Company and \$3,998 (2014 - \$1,994) was payable to directors of the Company. The amounts are unsecured, do not bear interest, and are due on demand.

As at August 31, 2015, \$10,570 (2014 - \$10,947) is owed to the President of the Company for reimbursement of corporate expenditures incurred on the Company's behalf and has been included in payables and accruals.

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(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

8. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Net loss for the year before income taxes	\$ (189,803)	\$ (17,629)
Expected income tax expense (recovery)	(49,000)	(5,000)
Change in statutory tax rates and other	3,000	(3,000)
Change in unrecognized deductible temporary differences	46,000	8,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2014	Expiry Date Range	2014	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$6,948,000	No expiry date	\$6,883,000	No expiry date
Investment tax credit	493,000	2025 to 2034	493,000	2025 to 2034
Equipment	129,000	No expiry date	129,000	No expiry date
Share issue costs	-	N/A	8,000	2035
Non-capital loss available for future period	993,000	2027 to 2035	908,000	2015 to 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

9. Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its equity to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended August 31, 2015.

10. Financial Instruments

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of liquidity of cash and cash equivalents amounting to \$21,689 at August 31, 2015 and reclamation deposits amounting to \$82,500 at August 31, 2015. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations.

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Notes to the Financial Statements

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For the years ended August 31, 2015 and 2014

10. Financial Instruments - continued

Liquidity Risk - continued

As at August 31, 2015, the Company has a working capital deficiency of \$40,077 (2014 – working capital of \$126,117). To continue to be able to meet its obligations as they become due, the Company will depend on management's ability to raise the funds required through future equity financing. If such funds cannot be raised, the Company would be required to postpone or curtail its operating and investing activities.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of cash deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. At August 31, 2015 the Company maintained all of its cash balance on deposit in chequing accounts with two major Canadian banks. Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests cash in guaranteed investment certificates at fixed interest rates in order to maintain liquidity. The nature of its financial instruments does not lead to any material risk that their fair values or future cash flows will fluctuate because of changes in market interest rates.

Price Risk

The Company is not exposed to significant price risk.

Foreign currency risk

The Company conducts its business in Canada and is therefore not exposed to significant foreign currency risk.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

All of the Company's financial instruments, excluding cash and cash equivalents and reclamation deposits, have a fair value approximating their carrying value due to their short-term nature. Cash and cash equivalents are carried at fair value and are measured using level 1 inputs and reclamation deposits are carried at amortized cost.

11. Segment Information

The Company operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in Canada.

12. Events after the Reporting Period

On July 20, 2015, the Company entered into a letter of intent contemplating a Plan of Arrangement with Kettle River whereby the Company will acquire all of the issued and outstanding common shares in the capital of Kettle River (the "Arrangement"). Kettle River shareholders will receive one common share of the Company for each Kettle River share and the Arrangement also specifies the replacement of any Kettle River stock options outstanding as at the Arrangement date. On November 6, 2015, the Arrangement completed, and the Company issued Kettle River shareholders a total of 27,716,711 common shares in return for all of the outstanding Kettle River common shares. No stock options were issued on completion of the Arrangement, as all remaining Kettle River options had expired on July 20, 2015.